

## Message Text

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ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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R 251740Z FEB 74

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 6411

INFO AMEMBASSY VIENTIANE

S E C R E T MOSCOW 2717

EXDIS

E. O. 11652: GDS

TAGS: PFOR, EAID, UR, US, LA

SUBJ: AID TO LAOS

REF: STATE 33205 (REPEATING VIENTIANE'S 1119)

1. SUGGESTION THAT WE SEEK TO INVOLVE USSR IN MULTILATERAL APPROACH TO ECONOMIC AID IN LAOS (REFTEL) HAS MERIT IN OUR VIEW BUT WE WONDER WHETHER INVITING PEKING'S PARTICIPATION WOULD BE SUFFICIENT TO ALLAY CHINESE SUSPICIONS. IF IT WERE CONCLUDED THAT THE ANTICIPATED CHINESE REACTION WOULD NOT BE SEVERE ENOUGH TO CREATE MAJOR PROBLEMS, WE WOULD ASSESS THE IDEA IN LIGHT OF THE FOLLOWING CONSIDERATIONS:

2. INDUCING THE USSR TO JOIN IN A MULTILATERAL CONSORTIUM WOULD BE A STEP FORWARD IN FLESHING OUT THE CONCEPT OF AVOIDING CONFLICT IN THIRD-COUNTRY AREAS, AND COULD CONCEIVABLY GIVE LDC'S A GREATER VESTED INTEREST IN DETENTE. OBVIOUSLY, FOR BOTH OF THESE PURPOSES, A BROAD MULTILATERAL APPROACH WOULD BE PREFERABLE TO A PURELY U.S.-SOVIET EFFORT, WHICH WOULD BE DENOUNCED AS NEW EVIDENCE OF CONDOMINIUM.

3. FROM THE STANDPOINT OF DEVELOPMENT, COORDINATION OF INPUTS WITH THE SOVIETS MAKES SENSE BUT WOULD PROBABLY BE A MIXED BLESSING AS THE DIFFERING PROCEDURES OF EACH GOVERNMENT COME TO GRIPS WITH THE SPECIFICS OF LAOS. IF THE TWO COUNTRIES CAN LAUNCH A JOINT SPACE MISSION, HOWEVER, THEY SHOULD BE ABLE  
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TO SURMOUNT BUREAUCRATIC OBSTACLES. CONGRESSIONAL REACTION IS ANOTHER POSSIBLE STUMBLING BLOCK, BUT THIS MIGHT BE MANAGEABLE IF THE DONOR GROUP WERE SUFFICIENTLY DIVERSE.

4. PREVIOUS INTEREST IN DRAWING SOVIETS INTO CONSORTIA HAS FOCUSED ON INDONESIA AND, TO LESSER EXTENT, AFGHANISTAN. IN BOTH CASES, RESCHEDULING FOREIGN DEBT WAS MAJOR ELEMENT IN DONOR OBJECTIVES, AND SOVIET RELUCTANCE TO CAST THEIR LOT WITH THE WEST MAY HAVE BEEN PARTLY DUE TO IMF ALLERGY OR OTHER EMBARRASMENTS OF SOVIET ISOLATION FROM CAPITALIST ECONOMIC INSTITUTIONS. PRESUMABLY THIS INHIBITING FACTOR WOULD BE LESS RELEVANT IN LAOS.

5. THE SOVIETS' ATTITUDE WILL BE DETERMINED LARGELY BY POLITICAL FACTORS. THEY MAY VIEW LAOS AS SOMEWHAT DIFFERENT THAN MANY RECIPIENT COUNTRIES IN THAT IT IS ABOUT TO EMBARK (WE ASSUME) ON A COALITION WITH A COMMUNIST GROUP THAT HAS BEEN IN THE BUSH FOR YEARS. WE ARE UNSURE WHETHER SOVIETS WOULD FEEL AN OBLIGATION TO FUNNEL AID INTO AREAS WHERE IT WOULD PRIMARILY WORK TO PATHET LAO ADVANTAGE, OR WOULD JUDGE ON THE CONTRARY THAT THEIR BEST INTERESTS ARE SERVED BY COOPERATING WITH OTHER COUNTRIES TO STRENGTHEN THE COALITION. THEY EVIDENTLY ATTACH IMPORTANCE TO LAOS AS AN EXAMPLE OF THE FEASIBILITY OF COALITION SOLUTIONS THROUGHOUT INDOCHINA. GIVEN THIS ATTITUDE, THERE IS AN OUTSIDE CHANCE THAT THEY MIGHT BE MORE RECEPTIVE TO THE IDEA OF MULTILATERAL ASSISTANCE THAN IN A CONVENTIONAL SITUATION WHERE COMPETITION FOR POLITICAL INFLUENCE DRIVES THE AID IMPULSE.

6. ON THE NEGATIVE SIDE OF MOSCOW'S LEDGER, HANOI MIGHT WELL REGISTER STRONG OBJECTIONS TO A COMINGLED DEVELOPMENT PROGRAM IN LAOS, AND THIS WOULD PROBABLY BE ENOUGH TO SCARE THE SOVIETS AWAY. MOREOVER, THE OLD-FASHIONED SOVIET APPROACH TO MOST INTERNATIONAL PROBLEMS GENERALLY CONTAINS A BIAS AGAINST MULTILATERAL SOLUTIONS (UNLESS LAUNCHED WITH GREAT FANFARE BY GROMYKO AT THE UNGA). ANTI-HIJACKING AND SUPPRESSION OF NARCOTICS COME TO MIND AS EXAMPLES.

7. WEIGHING THESE CONSIDERATIONS, WE FEEL THERE ARE POSSIBLE BENEFITS FOR U.S.-SOVIET RELATIONS AND FOR THE STABILITY AND PROSPERITY OF LAOS. BUT THE CHINESE ATTITUDE MUST BE VERY SECRET

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CAREFULLY EXAMINED AND THERE IS NO GUARANTEE THAT THE SOVIETS WOULD ACQUIESCE IN A MULTILATERAL ASSISTANCE PROGRAM. SOME INDICATION OF SUPPORT FROM OTHER POTENTIAL DONORS WOULD BE DESIRABLE--PERHAPS ESSENTIAL--BEFORE RAISING THE IDEA WITH THE SOVIETS.  
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